

Date: May 19, 2015

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Donald F. Greeley, Director, Water Management
Subject: Contract for Online Payment Solutions

Executive Summary

In July of 2013 the City entered into a contract with Kubra Data Transfer, Ltd. (Kubra) to provide enhanced bill presentment, electronic payment, and customer self-service options. These included e-billing, pay-by-phone, web e-checks and recurring credit card payments among other features. The contract included a provision to work with the billing software supplier (Munis) to provide “real-time” integration which greatly improves the ability to provide up-to-date customer information and coordinate cost-effective service delivery. However, such a contract was never negotiated between Kubra and Munis. While Kubra did provide pay-by-phone functionality, it was not able to implement any of the other desired “real-time” features. City staff have resumed the search for an effective solution.

Recommendation

The Department of Water Management recommends that the City Council authorize the City Manager to enter into an agreement with Paymentus, Inc. to provide expanded payment options including Interactive Voice Response, Online Payments and potentially mobile based payment options and terminate any existing contracts.

Background

In 2012-13, the City went through a Request for Proposals (RFP) to select a new provider to develop a robust payment platform for the City’s utility billing. As was discussed at a meeting in January of 2015, there have been significant issues with the full implementation of the desired solution. The City’s accounting software (MUNIS/Tyler Technologies) has been unwilling to work with Kubra for the implementation of functional “real time” solution which has caused the project to stall. Kubra failed to secure a contract with Tyler Technologies or fully design the MUNIS integration prior to committing to providing this solution.

The City proposed several other enhancements to Tyler regarding the Customer Self Service (CSS) module currently used by the City which would have provided desired functionality but would require technological development on Tyler’s end. Tyler was willing to provide the development for a fee but not for the version the City currently has implemented NOR the upgraded one the City will install in the fall of 2015. Therefore, a Tyler solution would involve waiting until 2017 and is not considered an acceptable option.

Once the City had ruled out being able to achieve desired functionality from current vendors as outlined above, we re-engaged conversations with the remaining short-listed bidder on the

original RFP. Remarkably, Paymentus/TWI represents a merger of the remaining two other original finalists during the RFP process. At the time of the RFP, neither firm had developed a “real-time” integration with Munis. In the intervening time, the merged firm has successfully implemented multiple real time integrations with MUNIS users and could provide a viable solution to the City’s current situation. To the team’s knowledge, Paymentus is the only firm that has a live integration payment solution set up with Tyler’s MUNIS product.

As part of the City’s internal discussions, the team prepared a matrix of the required elements that a solution would need to be considered viable. The list of requirements and ability of Paymentus to provide the service is below:

<u>Requirement:</u>	<u>Paymentus Provides?</u>
Ability to pay on the web with E-checks	Yes
Remember Credit Card Info (Wallet feature)	Yes
Recurring E-checks	Yes
Recurring Credit Cards	Yes
IVR Pay-by-phone incoming and reminder outgoing calls	Yes
Registered Users (Log in to not have to enter account information every time)	Yes
Make Payments on Multiple Accounts from One Log In	Yes
View Bill, Payment, and Consumption History	Yes
View Historical Bills	Yes
Self-Enroll in E-billing	Yes
Real Time integration with Munis	Yes
Seamless look and feel for General Billing	Yes

Issues and Analysis

For several years the City has been attempting to move forward to provide customers with technological options to manage their utility accounts on a par with similar providers such as electricity, cable, and cellphone. In addition, staff have been hoping to find a payment solution which could be used for any payment to the City.

Integration with the billing software is critical to offer customers up-to-the-minute account balances and enable customer service representatives to understand and communicate effectively concerning customer service issues and disputes. As the billing software is proprietary, the software vendor must be involved in any coordination and having an already-proven integration between vendors is a substantial plus as it greatly reduces the risk of project failure.

Moreover, as Paymentus is a “preferred vendor” with an existing contractual relationship with Munis, the City could enter into a sole-source contract with Paymentus, as the only provider with an active real time integration with Munis. As is illustrated in the matrix above, the Paymentus/TWI solution can provide all the desired functionality besides being the only “real-time” solution that does so in an environment with MUNIS. Additionally, the cost proposal that was provided by Paymentus is extremely competitive with the current agreement the City has in place with KUBRA.

If the Paymentus solution were implemented, they would provide payment processing services which would relieve the City from any PCI compliance issues.

Alternatives

The City could choose to stay with the current vendors of Munis and Kubra and implement proposed Munis technological advancements in 2017 and/or spend additional funding to expand batch functions with Kubra such as entering bills printed or payments posted as of a certain time the previous day. This would involve increased staff time as customers might

call more frequently to check on the status of their recent payments. However, considering the issues encountered with Kubra implementing pay-by-phone and outgoing reminder phone calls, staff is not confident that this option would be highly successful. The costs would remain the same but service would not be improved.

Financial Impact

Cost Comparison

As the attached spreadsheet of proforma costs for March 2015 shows, the City could expect a monthly savings of \$1,200.00, and perhaps more if customers elected to pay with e-checks rather than credit cards. This analysis does not include any potential savings from e-billing, nor from reduced collection efforts resulting from more frequent IVR, text, and/or e-mailed reminders.

As payment processors have reduced rates for utility bills, costs for other systems would need to be projected separately. Paymentus provided a price quote for current general billing transactions of 3.30% per transaction which is assumed to be billed to the customer per City policy. This is almost the same as the 3.27% proposed by the City's current credit card processor. As General Billing invoices cannot be paid by phone or on-line, the Paymentus solution would provide an easy way to do so, and would provide a better overall customer experience than is currently available for utility customers.

Upfront Costs

The cost of implementing the Paymentus solution would be two-fold. First, the City would need to acquire a new module in MUNIS (the IVR Module). The purchase and installation of the module is quoted at \$19,450.00. Additionally, though the City believes that the legal grounds are weak for KUBRA to make such a claim, there may be a cost to exit the contract with KUBRA estimated to be \$25,000.00 as a worst case scenario. The total upfront implementation cost of approximately \$44,450.00 could be funded within the current Water Management and Finance budgets.

SDBE Summary

Not required as this is sole-source contract.

Attachments

Contract with Paymentus
Costing spreadsheet